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FISCAL IMPACT STATEMENT

LS 7607 | **NOTE PREPARED:** Jan 12, 2003
BILL NUMBER: HB 1875 | **BILL AMENDED:**

SUBJECT: Solid waste fees.

FIRST AUTHOR: Rep. Oxley | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill increases from $0.50 to $2.90 the fee imposed on the disposal or incineration of certain solid waste in a final disposal facility. The bill distributes the additional revenue to the Indiana Heritage Trust, Clean Water Indiana, Hometown Indiana, the Indiana Land Resources Council, and a fund for payments in lieu of property taxes (PILOT) for land owned or leased by the Department of Natural Resources. It establishes the PILOT program. This bill also limits use of the additional revenue for administrative expenses. The bill also makes annual appropriations of the increased fee revenue.

Effective Date: Upon passage; ; January 1, 2003 (retroactive); July 1, 2003.

Explanation of State Expenditures: Not later than April 1 of each year, the State Land Office Division must provide the Auditor of State with a report of the acreage by county of the land eligible for a PILOT. Although this provision will increase administrative expenses for the Land Office, the Office should be able to absorb any additional expenses given its existing budget.

The PILOT transfer account within the State General Fund is established to make PILOTS. The Auditor of State is to administer the account. Expenses of administering the account are to be paid from money in the account. There is annually appropriated from the State General Fund to the PILOT Transfer Account the amount necessary to make the PILOTS. The Auditor of State shall make a PILOT on May 1 and November 1 of each year with respect to land that (1) was owned by or leased by the Department of Natural Resources (DNR) on March 1 of the previous year; and (2) is exempt from property taxes. The PILOT paid is the following amount for each acre of land owned by or leased by the DNR on March 1 of the previous year:

(1) $2 in a county in which the DNR owned or leased less than 5% of the acreage in the county on March 1 of the previous year.

(2) $3 in a county not referred to in (1).

A PILOT is billed; is due; bears interest if unpaid; is subject to penalty if unpaid; and is distributed to political subdivisions within a county in the same manner as ad valorem taxes on property. The Auditor of State must make the first PILOT May 1, 2004.

The DNR owns approximately 320,250 acres as reported by the State Land Office. Of the total number of acres owned or leased by the DNR, approximately 195,826 acres are located in counties in which the DNR owns or leases less than 5% of the total land in the county. Under the proposal, the state would pay $2 for each acre for a total of $391,652. The DNR owns or leases an estimated 124,424 acres in counties in which the DNR property is 5% or more of the total county land. The state would pay $3 per acre under the proposal for these acres or $373,272. Total PILOTS paid for DNR property would equal $764,924.

A PILOT is not eligible for the property tax replacement credit, so the property tax replacement fund would not be affected relative to the new PILOTS. However, local units would receive an estimated $764,924 in PILOTS. If the local units used the PILOTS to decrease local levies, the state could reduce expenditures by an estimated $206,000 in property tax replacement credits.

The proposal specifies that not more than 10% of the revenue deposited in the Indiana Heritage Trust Fund, the Hometown Indiana Fund, or the Clean Water Indiana Fund may be used for administering the fund.

Explanation of State Revenues: Increasing from $0.50 to $2.90 the fee imposed on the disposal or incineration of certain solid waste in a final disposal facility will generate an estimated $25,956,160, for an increase of $21,480,960 per year. (This estimate assumes that all waste was delivered in a vehicle of more than 9,000 pounds.)

Under existing law, each month the Department of State Revenue deposits not less than 50% of the revenue from the fee into the Indiana Recycling Promotion and Assistance Fund and not more than 50% of the revenue into the Hazardous Substances Response Trust Fund.

Under the proposal, 8.6% of the revenue would be deposited into the Indiana Recycling Promotion and Assistance Fund; 8.6% of the revenue would be deposited in the Hazardous Substances Response Trust Fund; 27.2% of the revenue would be deposited into the Indiana Heritage Trust Fund; 30.7% of the revenue would be deposited into the Clean Water Indiana Fund; 13.8% would be deposited into the Hometown Indiana Fund; 7.6% would be deposited into the Land Resources Fund; 3.5% would be deposited into the PILOT Transfer Account within the State General Fund. The proposal would require the following distribution of the revenue.

Revenue Distribution Under the Proposal		
Fund	**Percent**	**Estimated Revenue**
Indiana Recycling Promotion and Assistance Fund	8.6%	$2,232,230
Hazardous Substances Response Trust Fund	8.6%	$2,232,230
Indiana Heritage Trust Fund	27.2%	$7,060,076
Clean Water Indiana Fund	30.7%	$7,968,541
Hometown Indiana Fund	13.8%	$3,581,950
Land Resources Fund	7.6%	$1,972,668
PILOT Transfer Account within the State General Fund	3.5%	$908,465
TOTAL	100%	$25,956,160

Revenue generated by the tax for the past five years was as follows:

Revenue Generated by the $0.50 per Ton Solid Waste Disposal Fee	Distributed to Department of Environmental Management	Distributed to Department of Commerce	Total Revenue Generated	Estimated Tons Disposed
FY 1998	$2,310,700	$2,312,300	$4,623,000	9,246,000
FY 1999	$2,297,200	$2,300,700	$4,597,900	9,195,800
FY 2000	$2,253,600	$2,263,200	$4,516,800	9,033,600
FY 2001	$2,159,000	$2,159,000	$4,318,000	8,636,000
FY 2002	$2,161,200	$2,159,100	$4,320,300	8,640,600
Average Over Five-year Period	$2,236,340	$2,238,860	$4,475,200	8,950,400

The Treasurer of State shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public trust funds are invested. Interest that accrues from these investments shall be deposited in the fund.

Land Resources Fund. The bill established the Land Resources Fund which consists of appropriations made by the General Assembly; interest; deposits from waste disposal fees; donations; and transfers. The Commissioner of Agriculture is to administer the fund. Expenses of administering the fund are to be paid from the fund. Not more than 10% of the revenue deposited in the fund may be used for administering the fund. An appropriation made by the General Assembly to the fund shall be allotted and allocated at the beginning of the fiscal period for which the appropriation was made. Money in the fund at the end of a state fiscal year does not revert to the State General Fund or any other fund. However, if the fund is abolished, the money in the fund reverts to the State General Fund. The bill provides that there is annually appropriated to the Department of Commerce all money in the fund for the purposes of this chapter.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local units containing land owned or leased by the DNR would receive an estimated $764,924 in PILOTS annually.

State Agencies Affected: Indiana Heritage Trust, Clean Water Indiana, Hometown Indiana, the Indiana Land Resources Council, the Department of Natural Resources, the Department of Revenue the Auditor of State, and the Treasurer of State

Local Agencies Affected: Political subdivisions containing land owned by the DNR.

Information Sources: State Land Office and the Department of Revenue.

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